ACTUALS OF 1112 AND REVISED ESTIMATE FOR 1113.

2. I shall now give a brief review of the general financial position of the State and touch upon some of the salient features of the administration during the year that is now coming to a close. The final account of the year 1112 has turned out to be better than what we anticipated this time last year. According to the revised estimate for 1112, the year was expected to close with a deficit of Rs. 3·53 lakhs; but actually the deficit has been only Rs. 1·16 lakhs. The anticipated revenue of Rs. 99·88 lakhs actually turned out to be better and we realised Rs. 101·02 lakhs, whilst the expenditure which was expected to be Rs. 103·41 lakhs was kept within Rs. 102·17 lakhs. An increase in the revenue and decrease in the expenditure have helped us to close the year with a much smaller deficit than we anticipated.

3. For the current year 1113, we anticipated a receipt of Rs. 100·58 lakhs, and we budgetted for an expenditure of Rs. 98·77 lakhs thus leaving a surplus of Rs. 1·81 lakhs. The revised estimate, however, has disclosed a deficit of Rs. 2.71 lakhs. There have been a number of variations on the receipt side. The actual details of these variations will be explained by the Hon'ble Finance Member. The greatest disappointment has been under 'Customs' which, as against a budgetted estimate of Rs. 20 lakhs, yielded only Rs. 13·47 lakhs, thus leaving a shortage of Rs. 6·53 lakhs under this one item alone. This fall in our share of the customs revenue was due to the almost total disappearance of the import of foreign sugar into the Port of Cochin. The falling off of the import of sugar is solely due to the remarkable progress made by the Indian sugar industry. India, which was until recently a great sugar importing country, is now in a position to manufacture almost the entire requirement for the home market. Though our revenue has suffered seriously on account of this factor, we must rejoice that an industry of such magnitude has been built up so successfully in our country within so short a time. The disappearance of the import of foreign sugar in the Port of Cochin should now be taken as a permanent and normal feature and not merely a temporary one. It will be seen that if we had received as our share of the customs revenue the normal amount of Rs. 20 lakhs for which we had budgetted, our revised estimate for the current year would disclose a surplus of Rs. 3·82 lakhs instead of a deficit as it has turned out to be. Our deficit for the current year would have been much greater but for the unexpected receipts under certain other items. Two of the major items that helped us to tide over the difficulty are: the

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receipt of Rs. 3·37 lakhs from the Harbour Authorities as royalty on a portion of the reclamation ground, and an increase under income-tax. I shall explain later on the transaction relating to the royalty paid by the Harbour Authorities. Under income-tax, while we budgetted for only Rs. 3·55 lakhs, we expect to realise Rs. 6·60 lakhs during the current year. The increase is largely due to a stricter application of the income-tax law and to certain changes in the mode of assessment. Though according to the revised estimate for 1113 a deficit of Rs. 2·71 lakhs is anticipated, I am hoping that the year will actually end in a substantial surplus. We are carrying on negotiations with the Government of India regarding the sale of a portion of the Reclamation ground to the Port Authority and if this transaction is completed we would be getting in the current year on the revenue side Rs. 5·92 lakhs representing interest on our capital and royalty. This receipt if it materialises would enable us to close the account for 1113 with a surplus of Rs. 3·21 lakhs. Later on in my speech I shall give a fuller explanation of the details relating to this transaction.

BUDGET ESTIMATE FOR 1114.

4. For the coming year 1114 M. E., we have budgetted for a receipt of Rs. 104·87 lakhs. The customs revenue is expected to yield Rs. 23½ lakhs as against a normal revenue of Rs. 20 lakhs and the actual realisation of Rs. 13·47 lakhs in 1113. The increased receipt under customs is entirely due to a change in the classification of duties which the Government of India had to adopt as a result of the coming into operation of the Government of India Act of 1935. Honourable Members may know that Burma has now been separated from India and it is no longer a Province of British India. While Burma was a part of British India, all the petrol and kerosene oil that we received from that country was assessed to excise duties. Though Burma has now been separated we still get the mineral oils from that country. But Burma being now a foreign country the duties on the imported oils have to be classified under customs duty and we become entitled to a share of the duties collected on the oils imported through the Cochin Port. The customs duty collected on mineral oils imported through the Cochin Port comes to over Rs. 53 lakhs, and the increase in our share is due entirely to this factor. But for this extraneous circumstance we would have been faced with a very serious problem in balancing our budget. Without bringing the duty on the oils in the customs pool our share of the customs duty would have been reduced to about Rs. 13½ lakhs per year as against the normal expectation of Rs. 20 lakhs and we would

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